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STRENGTHENING OF THE COORDINATION OF HUMANITARIAN AND DISASTER RELIEF ASSISTANCE OF THE UNITED NATIONS, INCLUDING SPECIAL ECONOMIC ASSISTANCE: SPECIAL ECONOMIC ASSISTANCE TO INDIVIDUAL COUNTRIES OR REGIONS

International cooperation and assistance to alleviate the consequences of war in Croatia and to facilitate its recovery

Report of the Secretary-General

1. The present report and its annex are submitted pursuant to resolution 49/21 G of 20 December 1994. In that resolution, the General Assembly, inter alia, requested the Secretary-General to appoint, within existing resources, a fact-finding expert mission for Croatia to assess the extent of war damage and its consequences for its infrastructure, resources, environment and individuals, and to consider the needs in order to assist the Government of Croatia in preparing a programme for the rehabilitation, reconstruction and development of Croatia, and to introduce, if appropriate, an international appeal for its funding; and also requested him to submit to the Assembly at its fiftieth session a comprehensive report on the implementation of the resolution.

2. Pursuant to that request, I appointed a Technical Fact-finding Mission, which visited Croatia from 22 October to 5 November 1995 and held wide-ranging consultations with interlocutors within and outside the Government.

3. The consequences of over four years of war in Croatia are extensive, embracing physical, material, environmental and human damages. During the period there have been significant shifts of population, some temporary in nature but others likely to be permanent. The present report must therefore be considered in conjunction with recent reports that I have submitted to the Security Council and the General Assembly (S/1995/386, S/1995/467, S/1995/650, S/1995/730, S/1995/835, A/50/648 and S/1995/987), as well as the report by the Special Rapporteur of the Commission on Human Rights, Mrs. Elizabeth Rehn, on

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the situation of human rights in the territory of the former Yugoslavia (A/50/727-S/1995/933).

4. International cooperation and assistance to alleviate the consequences of war in Croatia presupposes that there will be no further hostilities and that all parties to the hostilities will comply fully with the peace agreements they have voluntarily signed. In this regard, the Basic Agreement on the Region of Eastern Slavonia, Baranja, and Western Sirmium (see A/50/757-S/1995/951), which was signed at Zagreb and Erdut on 12 November 1995 between the Government of Croatia and the local Serb representatives in the presence of the United Nations mediator and the United States Ambassador to the Republic of Croatia, is particularly important. Its implementation in good faith by the parties and without further recourse to violence would contribute significantly to the restoration of peace and successful economic reconstruction in Croatia.

5. The report of the Technical Fact-finding Mission is attached (see annex).

ANNEX

United Nations Technical Fact-finding Mission to Croatia
22 October - 5 November 1995

I. INTRODUCTION

1. The United Nations Technical Fact-finding Mission included representatives of the following United Nations agencies and offices: the Food and Agriculture Organization of the United Nations (FAO), the United Nations Confidence Restoration Operation in Croatia (UNCRO), the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the Office of the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Volunteers (UNV). Technical experts were provided by the Governments of France, Germany, the United Kingdom of Great Britain and Northern Ireland and the United States of America. The European Community Monitoring Mission (ECMM) in Croatia provided its senior economist. The Team Leader was provided by UNDP (see appendix I).

2. In order to assess the extent of war damage and its consequences on infrastructure, resources, environment and individuals, and to consider the needs in order to assist the Government of Croatia in preparing a programme for the rehabilitation, reconstruction and development of the country, the Technical Fact-finding Mission visited a number of regions, towns, war-damaged territories and facilities (see appendix II).

3. In preparation for the Mission, the Team Leader held preliminary meetings in Zagreb from 11 to 13 July 1995 with officials of the Ministry of Foreign Affairs, the Ministry of Finance, the Ministry for Reconstruction and Development and the Ministry for Refugee Affairs. However, military operations and their results from August to October 1995 delayed the dispatch of the Mission. During that period the Government of Croatia, together with the United Nations system and ECMM, provided additional information to the Technical Fact-finding Mission, including information concerning war damage resulting from the renewal of hostilities in the summer months.

4. The United Nations Fact-Finding Mission underlines the importance of a transformation of present humanitarian relief assistance into longer-term development programmes, in particular in areas damaged as a consequence of war. In order to assist the Government in preparing a programme for rehabilitation, reconstruction and development in Croatia, specific information in the present report refers to the most severely affected areas. The Mission received the full cooperation of the Croatian Ministry for Reconstruction and Development and worked closely with the United Nations Peace Forces (UNPF)/UNCRO, UNHCR, UNICEF and WHO. Administrative and logistical support was provided by UNPF/UNCRO. In addition, excellent relations were maintained with ECMM, which provided specific details of the Community's humanitarian programmes and present activities aimed at alleviating the effects of war and its consequences upon all peoples in Croatia.

5. The war and its human and economic consequences have adversely affected the Government of Croatia's intended economic transformation from a planned to a market economy. Military actions have resulted in a serious reduction in social and economic circumstances and there have been major displacements of population, both within Croatia and to and from adjacent countries. The return of those refugees and displaced persons who wish to do so, in conditions of safety and dignity, should be a priority issue in the rehabilitation and reconstruction efforts. There is also a need to assess the impact of demobilization of the armed forces and the return of male workers to the currently diminished economy. In addition, the agricultural sector in Croatia includes many small farms and their subsistence earnings are important to the life and culture of the country. Four years of military conflict and deliberate ethnic violence have seriously dislocated this traditional aspect of the Croatian economy.

6. In the war-affected areas a major factor in the restoration of the economy and the quality of life for the population at large will be the need for a demining programme for the removal of the mines present in large areas of the country, including agricultural land, roads, villages and on many industrial sites. The presence of approximately 2 to 4 million mines will seriously limit reconstruction, investment and development. As this matter is recognized by the international community and Croatia as a major priority, funds and an appropriate plan of action for their removal should be prepared at an early date.

II. AN OVERVIEW OF THE ECONOMY OF CROATIA

A. Economic framework of Croatia prior to 1991

7. Croatia was one of the republics of the former Socialist Federal Republic of Yugoslavia, which had established an integrated and autarchic economic system. The centralized planning process and the economy were maintained by the Federal Government, which controlled the majority of fiscal issues and had exclusive competence in foreign trade relations. The planning instrument for military and civilian goods was determined by the Federal Government which developed short-, medium-, and long-term plans that had to be fulfilled by the republics.

8. Interdependencies and regional-oriented integrated systems were created in the fields of electricity supply, water management and the oil industry. There were various joint ventures in industrial production and services, especially in trade, traffic and tourism, with the other republics and they made important contributions to the Croatian economy. The Croatian share of the GDP of the former Yugoslavia at the end of 1990 was assessed at approximately 30 per cent (10 billion United States dollars), whereas the territorial share amounted to 22 per cent (56,538 sq. km.) and the population of Croatia (4.8 million, 1991 census) was 20 per cent of that of the Socialist Federal Republic of Yugoslavia. Agriculture, the textile industry, the service sector and a large military complex were at the basis of the economy. The shipbuilding industry ranked third or fourth in world-wide activity. The main economic relations were with the former Eastern bloc, especially the former Union of Soviet Socialist

Republics. The main barter trade with the USSR consisted of imports of oil and gas in exchange for exports of Croatian services. A severe economic crisis occurred from 1983 to 1987, with certain improvements being achieved during the period from 1989 to 1990, which saw the launching of an economic reform programme. At independence, Croatia inherited approximately 2.8 billion of the foreign debt of the former Yugoslavia.

B. The current economic situation of Croatia

9. With the onset of war in 1991, Croatia experienced an economic recession during the period 1990-1992, including a decrease in production, combined with hyperinflation. In response, the Government initiated a stabilization programme in October 1993, which brought cooperation with the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF) regarding financial arrangements. Despite an increasingly negative balance of payments, Croatia maintained a "zero inflation" policy. It should be recognized that the use of public expenditures for reconstruction and other requirements may breach the restrictive monetary policy and generate a new wave of inflation. While positive economic growth of 1 or 2 per cent has been achieved, overall industrial production is at present only 50 per cent of that achieved in 1990. The process of transition to a market economy, including the required structural changes within the banking sector, remains slow. This trend has a negative effect on the establishment of entrepreneurial institutions.

10. The outbreak of military conflict in 1991 necessitated the restructuring of the economy into a war economy. An immediate effect was a decline in GDP from approximately $14 billion to approximately $10 billion in 1993 (GDP per capita was $2,500). Owing to a lack of investments, industrial production, services, aggregate consumption and trade decreased annually. This decrease may be seen in the light of the decline of main economic indicators during the period 1990-1995: GDP -31 per cent, industrial production -44 per cent, construction -56 per cent, agriculture -31 per cent, tourism -62 per cent, employment -33 per cent, and an unemployment increase of 51 per cent.

11. During the first quarter of 1995, the economy showed signs of improvement, with an increase of GDP to approximately $14 billion per annum and a stabilized inflation rate of approximately 2 per cent per annum, including a slight improvement in growth rate. War and its direct effects hindered tourism, created increased transportation costs and affected the development of industrial output. Additionally, the financing of the military-industrial complex and programmes for displaced persons and refugees from the State budget decreased funds for the development of the economy.

12. Results of the recent recovery of territory may include the revival of tourism along the Dalmatian coast, increased agricultural production and re-establishment of trade with the eastern part of Croatia and other regions. These events should assist the overall revival of the economy and an increase in GDP by positive industrial growth rates, greater investment, higher consumption, improvements in the balance of payments, and an increase in the labour market.

13. Difficulties in the improvement of overall living conditions are unavoidable, as Croatia faces structural problems in all sectors of the economy. The balance of payments continues to be negative, because of a shortage of skilled labour in all sectors of the economy. For the present, Croatia is likely to experience lack of foreign capital, an overvalued domestic currency and continued financial burdens in support of a military-oriented State budget. The problems of Eastern Slavonia (Sector East) include economic, humanitarian and resettlement questions, and their successful solution is necessary if foreign capital investment is to be encouraged.

C. Assessment of war damage by sectors and areas of Croatia

14. Since the beginning of the war in 1991 to the present, Croatia has faced severe direct and indirect war damage. According to the Government, the present estimated damage amounts to approximately $22 billion. Military events in May and August 1995 led to further damage costs. Damage associated with the new destruction is further estimated by the Government to amount to approximately $5 to 8 billion, including collateral damage. This estimate does not include the cost of human casualties. There are further losses of revenue, environmental damage and increased social costs that are difficult to quantify. The Government provided the Mission with information indicating that investments in support of rehabilitation and reconstruction have amounted to approximately $1 billion. The largest expenditures were for housing (24 per cent), roads (21 per cent) and industry (13 per cent). From the financial point of view, the Croatian budget provided 19 per cent of the total amount, the Croatian Credit Bank for Reconstruction 28 per cent and terminal users' funds amounted to 17 per cent.

1. Region South (Knin, Zadar, Dubrovnik, Split) a/

15. The Dalmatian coastline to the border with Bosnia and Herzegovina traditionally comprised two distinct areas in terms of their contribution to the Croatian economy: the Dalmatian coast is the dominant tourist area, while the other portion of the coastal area includes shipbuilding, with main centres in Dubrovnik, Ploče, Split and Zadar. There is a minor role for agriculture in support of tourism and the local economy.

16. The immediate effects of the beginning of the war in 1991 were as follows: the tourist market was depressed as a result of the lack of security; many hotels and private accommodations were occupied by displaced persons and refugees; commercial and communication links were immediately cut from the north; and routes inland towards Bosnia and Herzegovina were blocked. The small agricultural sector continued as best it could. War damage affected electricity, water supply, roads and telecommunications, and there was much destruction of buildings and housing. In the former Sector South, the most

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a/ For the purposes of the present report, "Region South" comprises the Dalmatian coast as well as the former United Nations Protected Area known as Sector South.

seriously affected towns have been Otočac, Gospić and Knin. The Mission team viewed these damaged areas and it was clear that most of the destruction was caused by looting and burning. In the same area, the four years of military conflict have resulted in a lack of maintenance of the infrastructure, which now functions poorly. The roads and the main railway are still in good condition, but the main roads are neglected, industrial factories have been damaged by the war and have either not been in production since 1991 or no longer function owing to the lack of maintenance. For the tourist industry to be revived, roads will have to be repaired and general infrastructure improved.

2. Region North (Karlovac, Petrinja, Sisak, Glina)

17. This region, which corresponds to the former United Nations Protected Area (UNPA) Sector North, is a productive area. There is a strong agricultural sector, including processing of farm production, as well as metallurgical and mining industries. The damage resulting from war has created serious problems affecting the tourist sector. Regional roads and the bridges at Stremen and Petrinja require repairs at a cost of $300,000. In addition, many industrial plants have suffered severe military-related damage. The main industrial complex Gavriloviae in Petrinja suffered superficial damage and production was resumed in October 1995. Sectors South and North directly contributed only 2 per cent to Croatian GDP. Development within these sectors is important for the revival of tourism and the re-establishment of road and rail links to the Dalmatian coast is needed for the growth of industry and for recreational purposes.

3. Region West (Pakrac, Lipik, Slavonski Brod)

18. The economic importance of this region lies in the east-west links (Zagreb-Belgrade Highway), railway (Zagreb-Slavonski Brod-Belgrade) and river navigation (Sava), and the interconnection of the eastern oil and gas fields with the processing refineries in Sisak, Zagreb and Rijeka.

19. The 1991 hostilities disrupted the east-west transportation links, including railways, highways and river navigation, and the oil field in the eastern region was seriously affected. Production at the Sisak refinery was affected negatively by the interruption of the Adriatic oil pipeline. Important bridges suffered war damage, including the Lipik bridge, which was replaced at an approximate cost of $21,000; the Mlaka bridge was restored at a cost of $47,000 and the Brusnik bridge was repaired for $55,000. Recent financial estimates by the Government regarding war damages relating to the western region of Croatia amount to approximately $1.2 billion and assessed damage to State-owned and private enterprises is approximately $140 million. The Sisak refinery suffered heavy damage by military shelling and at present operates only at 50 per cent of capacity to meet local demands, which have been reduced because of the loss of markets in Bosnia and Herzegovina and Serbia.

4. Region East (Vukovar, Osijek, Erdut)

20. The living standards in this region were relatively high prior to 1991 but the subsequent war, with its significant destruction, emigration of skilled labour and the influx of refugees and displaced persons, created a highly dependent economic and social system. Living conditions are bad as the war extensively destroyed production centres, including the town of Vukovar, resulting in widespread unemployment.

21. The major economic asset in this area is the production of oil and gas. The oil fields of Deletovci and Ilaea, together with the field of Privlaka in Croatia, were previously capable of producing 950 tons per day when the conflict began in 1991. However, according to recent information from officials of the Naftna Industrija Krajine (NIK), Deletovci and Ilaea are now operating at 50 per cent of capacity, although there continues to be a lack of maintenance and spare parts. This reduced production meets only 30 per cent of local requirements: NIK provided 20,000 tons of diesel for agriculture in 1994, with the total consumption estimated at 100,000 tons. There are indications of additional fuel available in Region East as a result of black market operations.

22. The main companies in Region East are Borovo (footwear and rubber industry), Vuteks (textile industry) and Vupik (agriculture). Each was a major employer before the outbreak of war, able to compete in international markets. At present each is functioning at 10 per cent of production capacity or less. Transportation costs have increased significantly as the war situation has affected traditional trade patterns of the whole region. As a mainly agricultural area, Region East is able to survive as a closed economy for a considerable time. However, industrial production and supporting agricultural production is minimal, and machinery for both agricultural and industrial use is obsolete. There is no food shortage, as the fertility of the land ensures an adequate food supply.

23. Specific examples of war damage include the following:

(a) Ploče port. The port was developed towards the end of the 1980s as a strategic communication trade link with Bosnia and Herzegovina serving the needs of the steelworks at Zenica, electrical production at Sarajevo, aluminium production at Mostar, together with timber and general trade with Bosnia and Herzegovina. The pre-war volume of transhipped goods was approximately 4.5 million metric tons. The port was supported by the principal rail link northwards via Mostar and Sarajevo, with connections to Hungary and Serbia. War damage is minimal, confined to the military shelling damage to the cargo terminal buildings, dockside cranes and mechanical handling equipment. The future development of the port will require extensive civil engineering efforts, including the stabilization and drainage of the existing goods storage areas. There is a need for the upgrading of local services, including water supply and electricity. The improvement of the sewage treatment plant will be required to preserve the local environment. The future development perspective is excellent, based on the re-establishment of trade and traffic relations with Bosnia and Herzegovina and the regaining of former markets;

(b) Zemunik (Zadar) airport. The international airport has suffered extensive damage and the local authorities have provided estimates for repair and renewal of the facility at approximately $7 million. Immediate repair work is required for two runways and the passenger terminal, which at present is totally destroyed, and the cargo terminal needs extensive repair. Figures available prior to 1991 indicate that the passenger traffic was approximately 160,000 persons annually, including tourists and commercial travellers. The airport will play a prime role in the revival of the local economy, with emphasis on tourism within the Zadar region;

(c) Obrovac hydroelectric power station. This facility comprises two 150 megawatt reversible generator and pumping units designed for pumped storage. At present, one generator is functioning, with the other generator undergoing maintenance. The full power capacity is restricted by two factors, the repairs needed to the war-damaged transmission line, and civil engineering requirements for the repair of the water accumulation facility;

(d) Sisak refinery. The refinery is presently working at 50 per cent of capacity, as it has suffered significant direct war damage affecting tank farm storage facilities, transfer pipelines and general infrastructure. The current production is achieved only with temporary and inadequate repairs. The technology utilized is outmoded and requires the application of new technology to have the refinery meet current European standards;

(e) Vukovar water supply. War damage to Vukovar is severe, affecting 80 per cent of all buildings and industrial complexes, including the port facility, as each received direct damage from military action. The water treatment plant is not functioning in an appropriate manner owing to the lack of pumping capacity from boreholes and water treatment efforts in the handling of intake from the Danube River is inadequate. The quality of water in current supply is not of a high standard. The water leakage from the distribution network is estimated at a loss of 50 per cent;

(f) Duro Dakoviae metal-processing industry. The largest metal-processing industry in Croatia, Duro Dakoviae, is located in Slavonski Brod. It is a holding company of 15 factories, producing industrial machines, power supply machines, traffic and transport equipment, agricultural machinery, processing equipment, welded containers and steel construction. In addition, production of concrete, animal foods, edible oils, chemical and petrochemical equipment, as well as engineering and consultancy activities are also undertaken there. This industrial complex is the major employer, with approximately 10,000 employees. The future privatization of this industry remains a serious question currently under review by the Government of Croatia as it has been estimated that there would be a 50 per cent decline in total numbers of employees upon privatization. The current gross productive financial turnover is approximately $300 million. The team observed that the industrial site maintenance is poor, and noted small-scale war damage;

(g) Borovo footwear and rubber industry. The Borovo factory, situated near Vukovar, was the largest industrial plant in its field of production in the former Yugoslavia. Before the 1991 war, this firm employed approximately 23,000 workers and had a large retail chain. The turnover in 1990 amounted to

$150 million. Direct war damages are high, with official statistics indicating the destruction of production facilities costing approximately $200 million. The damage affecting infrastructural facilities, including roads, water supply systems and social facilities, is estimated at $120 million. This infrastructure was an integral part of the plant, as under the State economy these facilities were provided to the workers. It is verified that the war damage has reduced the current production level to 10 per cent of capacity. The war has caused a rupture in former import and export trade links in the west and east. The war damage and its direct effects have resulted in a significant decline in employment, as the factory is currently employing approximately 3,200 persons, of whom 70 per cent are women. The factory board invested, during the period of military conflict, approximately $100 million in the facility in order to maintain limited production. The direct and indirect war damage is extremely high, reflecting heavy fighting in Vukovar and the surrounding communities. The return of peace will provide an opportunity to establish new markets, both for importing raw material as well as for the export of finished products;

(h) Vuteks textile factory. Prior to the outbreak of war in 1991, this factory had an important role within the economy in Eastern Slavonia. This firm employed approximately 1,300 workers, mostly female, producing blankets and sport uniforms. At present there are approximately 475 employees and the production is 20 per cent of the pre-war capacity. Local authorities estimate war damage to the factory at approximately $70 million, including buildings, machinery and houses for the workers. There is a request for external financing of $66 million for modern weaving machinery to achieve European standards of production;

(i) Stara Gradiška bridge ("Bridge of Life"). The Stara Gradiška bridge is an important bridge over the Sava river between the former Sector West and Bosnia and Herzegovina. It suffered destruction during the military activities of May 1995. In the same area, an adjacent bridge of reinforced concrete was destroyed in military actions during August 1995. The estimated costs for repairing and reconstruction are as follows: Stara Gradiška bridge, approximately $1,775,000, and for the land side of the bridge, approximately $142,000;

(j) Slavonski Brod bridge. The Slavonski Brod bridge, a steel framework bridge over the Sava river, is near the Stara Gradiška bridge. The bridge, destroyed during the war in 1991, carried both railway and road traffic. Its length was between 300 and 330 metres, with a width of approximately 14 metres. The bridge was constructed with two pillars on the Croatian side and reinforced concrete construction on the Bosnian embankment. The cost of reconstruction is estimated by the Government at $2,113,500;

(k) Railway station in Slavonski Brod. The infrastructure of the Slavonski Brod railway station was partially destroyed during a long period of shelling. Damage to tracks, road bed and to the railway station building was observed by the Mission. The Government has undertaken immediate cleaning and reconstruction efforts. The railway is important as it is a direct line from Zagreb to Slavonski Brod and further to the east.

D. Effects of the war on individuals

24. The massive movements of population within and outside Croatia and the region have been a major component of the tragedy affecting the people of the former Yugoslavia. Basic issues to be considered in this regard include the following:

(a) The most significant consequence of the war in the former Yugoslavia has been the massive displacement of the population. In Croatia, there are currently more than 400,000 displaced persons and refugees. Providing assistance to these large numbers of people has been a major burden on the international community and the Government of Croatia. The impact of this financial support has also had a substantial negative impact on Croatia's war-torn economy;

(b) Support for the return of all displaced persons and refugees to their homes, as well as their self-reliance, must be an integral part of the process of reconstruction and economic recovery of Croatia;

(c) Physical and economic reconstruction must be undertaken within the context of an overall return to peace. The team identified small-scale projects to promote reconciliation for people in the areas of Donji Lapac, Vojnić, Pakrac and Okučani;

(d) It is recognized that, in order to foster reconciliation, the Government of Croatia should investigate cases of personal and property abuses documented by the United Nations human rights action teams. Similarly, the suspension or repeal of the Government's Decree on the Temporary Seizure and Management of Certain Property, enacted on 4 September 1995, will have a positive confidence-building effect;

(e) Croatia should reaffirm its support for and take necessary measures to guarantee human rights for all its citizens, irrespective of ethnic origin. The right of refugees and displaced persons to return to their homes and to retrieve their property or to receive equitable financial compensation should be a cornerstone of future policy. Equal access to humanitarian aid, including such items as food, medical care, firewood and pensions will be needed. The issuing of citizenship papers by Croatian authorities would expedite the application of these measures. Similarly, the utilities network should be restored for the common benefit of all communities and access to water, electricity and heating granted without discrimination;

(f) The Government of Croatia should be encouraged to adopt a positive policy regarding the settlement in Croatia of refugees and displaced persons. These actions should include displaced persons living within the borders of Croatia, ethnic Croats residing in third countries and ethnic Serbs displaced in 1995 from the territory of Croatia. None of these aspects can be taken in isolation when considering assistance by the United Nations system. In addition, consideration should be given to the return of Croat refugees now residing in Western European countries;

(g) The United Nations upholds the principle that all displaced persons and refugees have an equal right to return to the place of their former residence. A significant increase in the number of refugees and displaced persons occurred during the Croatian military offensives in May and August 1995. These specific displacements include approximately 200,000 Serbs who have resided in Croatia for centuries. A matter of concern is that the aforementioned decree of 4 September 1995 on the management of certain property does not facilitate the settling of property claims, as it is difficult for persons residing abroad to establish their legal rights. It is hoped that the Government will review this matter and expedite procedures to permit all citizens to submit their legal claims for property and personal rights within the Croatian legal system (see in this connection the forthcoming report on the human rights situation in Croatia submitted pursuant to Security Council resolution 1019 of 9 November 1995);

(h) The issue of property, including support to the rehabilitation and reconstruction of housing, within the context of war-related damage, must include financial and legal measures to benefit all peoples. Current government policy and criteria for the allocation of public loans for reconstruction should be reviewed in order to ensure an equitable application for all people. According to United Nations reports, Croatian Serbs have not yet received housing loans in Western Slavonia;

(i) As UNHCR does not directly provide assistance to internally displaced persons, it is hoped that the Government of Croatia will continue to take responsibility for the provision of needed care for the same group, possibly with a continuation of funding from the European Community Task Force (ECTF) in the form of basic food and hygienic items. UNHCR will continue funding activities in support of the most vulnerable groups, including community-based social service projects throughout Croatia designed to assist persons most seriously affected by the war;

(j) There is great concern regarding the remaining Croatian Serb population in the former Sectors North and South, most of whom are elderly or handicapped. There is an immediate need for the Government to expand medical and other social services and food supply to support their living conditions, in cooperation with UNCRO, ECMM, ECTF and non-governmental organizations. In that context, the Mission was able to observe the difficulties faced by elderly Croatian Serbs, living in isolation and desperate conditions, as the issuance of identity cards by the Croatian authorities, directly affecting their access to public services, including needed medical care, appeared to be delayed. It is hoped that the Government will undertake immediate action to rectify the situation;

(k) The area referred to as the Krajina, which was the object of military offensives in May and August 1995, comprises all of the former UNPA Sectors North and South and part of the former UNPA Sector West. According to accepted international monitoring estimates, the military offensives of May and August 1995 resulted in more than 200,000 displaced persons, creating a situation characterized as "a humanitarian crisis of significant proportions" (S/1995/730; S/PRST/1995/44). At the present time, there is little information regarding the possibility of the return of the Krajina Serb population to their

homes. UNHCR hopes to establish a close working relationship with the Government of Croatia in this important matter.

II. DAMAGE TO SOCIAL INFRASTRUCTURE AND HEALTH-RELATED DAMAGE

25. Physical damage to public service infrastructure in areas of conflict within Croatia has been uneven, yet extensive. Government buildings were frequent military targets. In heavily contested areas there are few undamaged schools, hospitals, ambulatory health facilities, libraries, museums and theatres. The latest government figures list severe structural damage to 1,500 civil buildings, including schools, hospitals and clinics, 250 churches and 6 cemeteries.

26. The health-related impact of the hostilities in Croatia may be viewed in three related categories: physical casualty and disability, psychological and psychosocial impact and institutional impact.

27. Estimates vary widely on the number and types of war casualties. The Government estimates that, to date, nearly 16,000 persons have been killed in war-related activities, including mine explosions, and 24,000 individuals have long-term disabilities. The social and emotional impact of future long-term care and rehabilitation of amputees, spinal cord and traumatic brain-injured persons is impossible to quantify. The Government has used standard war-damage assessment methodology to evaluate the economic losses from war-related death and disability at about $13 million.

28. The psychological and psychosocial damage to civilian and military individuals as a result of the war has been significant. WHO has estimated that more than 250,000 people are in acute need of psychosocial interventions, as a result of such factors as death of family members, separation and dislocation of families, isolation of elderly from their family support, minority populations living in inhospitable and even hostile community environments, and witnessing and/or being victims of human rights violations. Two groups appear especially vulnerable: Croatian children in a war-torn society and adult combatants re-entering civil society after years of military service. The likely impact of future problems with regard to alcoholism, drug abuse, suicide, domestic and structural violence, criminality, family disfunction, divorce and spousal and child abuse remains a potentially long-term damage of the war.

29. The government health service has been severely disrupted and the war has presented the public health service with new and unanticipated challenges. The cost of this damage is inestimable, but few would deny its significance. The outbreak of hostilities in 1991 interrupted critical administrative and financial reforms within the Croatian Ministry of Health as it sought to end chronic financial deficits and increase efficiency by shifting resources from curative and secondary clinical care to primary and preventive services. The increase in the demand for curative health services as a result of war injuries as well as the influx of refugees and displaced persons has put tremendous strain on already extended health care institutions and their financing. The need to ensure vital health services to all people reoccupying previously abandoned and/or devastated communities will demand special planning and

financing within the Ministry. The demographics of most of these new communities is likely to be significantly different from the communities that existed prior to the war. Critical to the functioning of the Ministry will be increased capacity in health system management capacity needs assessment and project planning, monitoring and evaluation, and health information systems to support its priority areas in preventive care for all the population. In addition, priority will need to be given to increased support for nutrition, immunization, communicable disease control, water and sanitation, essential drug policy and health education. There will also be an immediate need for increased training of primary health care personnel, teachers, family therapists and social workers in order to meet the new requirements of the public health system to address the effects of the impact of war upon civil society.

30. Since 1991, the military conflict has caused education to be curtailed, interrupted or postponed. Young adults have had their education interrupted as they have been mobilized for military service. Children of displaced persons and refugees have had only rudimentary education services. At the present time, primary and secondary education facilities and services are receiving priority attention within the Croatian effort to rehabilitate devastated communities.

31. Sector East stands in sharp contrast to all other areas with regard to damage to the educational services. In this area, few schools have been reconstructed and those which are operating have classrooms devoid of teaching aids or educational material. Facilities for physical education and recreation are rudimentary. Teaching programmes are further impaired by interruption for weeks at a time during general military mobilizations. Teachers interviewed by team members reported that they had not been paid for the last five months.

III. ASSESSMENT OF WAR DAMAGE TO HOUSES

32. War damage to housing is extensive. The Government of Croatia recognizes this extensive damage and has established a State Commission for War Damage Inventory and Assessment in the Ministry of Finance, the Ministry of Reconstruction and Development and the Croatian Credit Bank for Reconstruction. A regional distribution of damage shows that Slavonia, Banovina, Lika and part of Dalmatia suffered the greatest physical damage. The Government's review of war damage is based on assessment, inventory and verification of the value of damage. The framework and legal basis, organization and methodology of war damage inventory and assessment in Croatia are based on a number of national laws and regulations. In addition, Croatian authorities also used documentation from the United Nations Commission for Compensation on the war between Iraq and Kuwait.

33. Limitations faced by the Government of Croatia in assessing war damage in the housing sector include the inaccessibility of some areas for security reasons as well as recurring and sustained damage. The areas reintegrated during the military offensives of May and August 1995 have not been fully assessed or verified, as damage is still occurring in these areas. Croatia's State Commission for War Damage Inventory and Assessment has been able to assess and verify less than 50 per cent of houses damaged. It should also be

noted that Sector East is not under the Government of Croatia's control and government officials have not been able to assess and verify war damage in the area.

34. According to the Ministry of Development and Reconstruction of Croatia, during the period 1991-1995, 54 per cent of Croatian territory was subject to direct war action, which directly affected approximately 36 per cent of the population. The same source indicates that approximately 9 per cent of total housing was destroyed or badly damaged, with 590 settlements destroyed.

35. Damage to other social and community infrastructure is being assessed by Croatia. This includes community infrastructures such as schools, cultural centres, churches, health clinics, water, waste and sewage disposal systems, telecommunications and electricity. It is estimated that the total cost of damage to the sector may constitute an additional 25 per cent of the total amount of damage to the housing sector.

36. The Housing, Social/Community Infrastructure and Tourism Team of the Mission was not able to verify the information provided by Croatian officials owing to the limited period of time available to it. The members did examine data available in the field and from the small sampling considered they assessed documentation to be thorough and accurate. In Dubrovnik, the team members examined records at the regional Office for Reconstruction in Slano. A longer-term technical mission is needed to assess housing damage.

37. Future reconstruction must remain a high priority for the Government with the assistance of the international community. Croatia has obtained some assistance in its efforts to reconstruct war-damaged housing. These funds have come as bilateral contributions from a number of countries and local and international non-governmental organizations. A significant portion of these funds has also been received from the emergency reconstruction project established by Croatia and the World Bank and financed by the latter and beneficiaries in Croatia. The emergency reconstruction project financing plan allocates $54.7 million, from a total of $205.1 million, for housing within the loan.

38. The Housing, Social/Community Infrastructure and Tourism Team of the Mission obtained the Government's methodology used within the housing sector, which includes the following information: of 1.77 million houses in 1991, approximately 9 per cent (130,000 units) had been destroyed by the end of 1994. It is estimated that up to an additional 20,000 houses or dwellings have been damaged during and following the military offensives of May and August 1995. No reliable figures have been provided for Eastern Slavonia. However, a United Nations estimate indicates that in the city of Vukovar 80 per cent of buildings and houses have been destroyed. The outlying areas of Vukovar did not suffer widespread destruction of housing.

39. The Government has established criteria regarding future reconstruction of war-damaged housing in six categories. The most serious damage categories (five and six) are being applied to 20 per cent of the 130,000 houses damaged up to the end of 1994. The reconstruction of these houses is being financed directly

from the government budget, except for interior work, which has to be undertaken by the householder. The reconstruction of less-damaged family houses and other residential buildings will be financed by loans through the Croatian Credit Bank for Reconstruction. These loans, from DM 1,500 to approximately DM 18,000 with 15-year terms, a 2-year grace period and 2 per cent interest, are administered by local banks. The maximum loan depends on the category of the building and the number of family members living in the house.

40. The repair of 4,000 heavily damaged private houses is under way. In the period beginning in 1996, the Government plans to extend the programme of reconstruction to 20,000 houses. The assessment of the war damage to private houses and dwellings has been completed by the State Commission for War Damage Inventory and Assessment and its county commissions. This effort was undertaken in mid-1991 and the assessment is continuing. It is estimated that to date more than 50 per cent of the damage that occurred until mid-1994 has been assessed in detail. The financial cost for the reconstruction of housing is based on average prices on 31 December 1990. The cost of repairing the utility infrastructure is estimated at 20 per cent of the cost of the reconstruction of the houses. The total estimated amount is approximately DM 6.27 billion. However, the costs of the reconstruction and the number of affected houses could not be verified by the team. There are some inconsistencies in the documents and the information provided in Zagreb and the Croatian regional offices. As the process of collecting, collating and documenting war damage is ongoing, it is expected that this problem will be corrected in the future.

41. Legislative and executive fiats, especially the decrees pertaining to seizure of property, applications for housing rehabilitation and required loans should be in conformity with general principles of international law. The current laws on temporary seizure and administration of specified property (see para. 24 (d) above) and on the leasing of apartments in the liberated territory of 27 September 1995 are not considered to meet the minimum acceptable international standards. The laws and regulations regarding use of apartments are not always transparent and the team did not have time to address this issue. Croatia estimates that apartments comprise 25 per cent of the total number of housing units available. The Mission team was unable to examine this important component to assess damage and reconstruction needs.

42. In the housing reconstruction work that has been completed, especially around Dubrovnik and Zadar, the Government also made efforts to integrate community and social infrastructure in addition to housing. It is clear that the extensive reconstruction of houses will require a significant number of skilled craftsmen and construction labourers, who at present are not available within a constricted labour market. The extensive amount of debris and rubble from the destruction of housing and other buildings and the issues of recycling or disposal of this material will need to be addressed.

IV. AGRICULTURE

43. Croatia has 5.675 million hectares, of which 58 per cent is agricultural land. It is estimated that 78 per cent of the available land is in private ownership, comprising 500,000 family farms, of which 20 per cent are farm households totally dependent on agriculture. Private farms average about 2.9 hectares, while the public social sector includes some 500 agricultural cooperatives employing 40,000 people and averaging 780 hectares each. The country has three agricultural-ecological zones: Mediterranean (31.6 per cent of land area); mountainous (14.2 per cent); and continental (54.2 per cent). The agricultural production in Croatia is highly diversified, including corn, wheat, potatoes, cattle, pigs, produce and orchards. Croatia has 500,000 family farms, of which 9 per cent are full-time farmers and the balance are mixed employed households, who earn part of their income from agriculture. Following independence, the Government of Croatia adopted a market-oriented approach for agricultural policies.

44. The effects of war damage on agriculture include intentional destruction of farm-related property. The war and hostilities took place mostly in agricultural areas and the majority of displaced persons and refugees are farmers. Within this context, large numbers of farm buildings and farmhouses have been damaged and destroyed. Much agricultural machinery has been expropriated and other machinery, especially farm tractors, is not functioning because of lack of maintenance over a four-year period. It has been difficult during the period of conflict to obtain spare parts for agricultural machinery. There are estimates that 29 per cent of cattle, 40 per cent of horses, 38 per cent of pigs and 46 per cent of sheep were killed or died of neglect in more affected areas. The production of milk has declined significantly as a result of war and Croatia now imports 40 per cent of its milk requirement. The damage to forests cannot be estimated, although extensively burned or destroyed areas were observed. There are many mines in the countryside and production from fields within former confrontation areas will not be possible for many years.

45. The Croatian agricultural production has decreased by 35 per cent owing to the lack of manpower and access to only 26 per cent of the arable land. Agricultural trade has been seriously disrupted as a result of the loss of traditional markets within the former Yugoslavia and the disposal of surplus production of certain commodities has become a problem. The main problem for the agricultural sector of Croatia is the loss of farmers. Many Croats displaced from the conflict-affected areas in 1991 are not willing to return, for a variety of reasons. Many Croatian Serb farmers who fled their lands in 1995 are unlikely to return unless conditions are created for them to do so. It is estimated that approximately 105,000 farmers have been driven from their land and it is probable that 50 per cent of them will not return.

46. Sector East, which covers approximately 5 per cent of the territory of Croatia, is highly fertile. The damage to agricultural activities is mainly the result of the lack of market access of agricultural products. There is surplus production of similar agricultural products available in Serbia and old markets have yet to be restored within the framework of a peaceful settlement. There is also a lack of processing capacity owing to war damage.

47. A considerable development planning effort was undertaken by FAO in 1994. A technical cooperation programme-funded agricultural sector review was also undertaken. The recommendations of the final technical reports have been approved by the Croatian Parliament. In addition, a $19.7 million World Bank loan for agriculture was made effective in May 1994. It is understood that an additional World Bank emergency loan, comprising a significant funding component in support of agricultural incentives and restructuring, is being considered. As a consequence, in order to avoid a duplication of effort, the FAO assessment is aimed at the formulation of humanitarian and short-term rehabilitation interventions. It addresses in particular the needs of 40,000 farm families as regards equipment and other items to permit them to resume their activities. This will include a supply of livestock, seeds, fertilizers and agricultural equipment.

V. LANDMINES AND DEMINING

48. The former Yugoslavia was one of the major producers of landmines and almost all the mines found in Croatia were manufactured there. The current estimate of the number of land mines in Croatia ranges from 2 to 4 million. The area around the former and present confrontation lines is littered with unused and unexploded ordnance, much of which is in dangerous condition. The mines predominate along the length of confrontation lines, resulting in a band of contamination of 5 kilometres wide and 600 kilometres long within Croatia. These areas include roads, mountain trails, villages and agricultural land, which have been neutralized and are not available for use now or in the future. It is clear that existing mine-field maps and records are unreliable. It is reported that mines have been laid in patterns that make subsequent detection difficult.

49. The presence of landmines in Croatia continues to extract a heavy toll: apart from the personal tragedy of death or amputation, economic costs include the cost of treatment and rehabilitation for the injured. There is a loss of production from mined agricultural land and industrial plants. An increased cost factor is related to support to displaced persons, as they are unable to return to mine-contaminated areas.

50. It is difficult for the United Nations to assess the human effect of the mine contamination, as all parties are reluctant or unable to provide detailed statistics. Nevertheless, it is reported that mines in Croatia have contributed to 800 amputations. Furthermore, one survey in the former Serb-controlled area known as Sector North indicates there were between 50 and 100 mine casualties per month in the first half of 1995.

51. Mines also pose considerable risks to peace-keepers, monitors and aid workers, as such personnel are often required to enter areas of greatest risk. For example, United Nations peace-keepers have suffered more than 200 mine casualties, including over 20 fatalities during the present mission in the former Yugoslavia. Significantly, only 16 per cent of these casualties were the result of mine-clearance activities.

52. The ability to clear mines will be limited by the number of qualified personnel available to work in the region. It is estimated that 1,000 mine-clearance personnel will require 25 years to complete the mine clearance of Croatia. The following priorities will be considered by the Government of Croatia for mine-clearance procedures: major access routes, production centres, physical infrastructures, areas of economic importance, land use areas for returnees, sites of cultural importance and farm land.

53. There is a need for mine-awareness training for project staff and the civilian community. The Government of Croatia has undertaken such training within public schools. A mine-clearance programme will reduce the humanitarian suffering of a population already gravely affected and traumatized by war, improve confidence in a peace settlement and assist in economic recovery by normalizing conditions in war-affected areas. Mine-clearance and mine-awareness programmes should also reduce the burden on the health system. A comprehensive mine-clearance programme will be essential.

54. An important priority must be an agreement between all parties to support a mine-clearance programme. Each party must share information on mine locations. The collection and dissemination of such information should be coordinated by a central organization, which will act as a source of mine policy advice to the Government and aid and development agencies.

VI. EFFECTS OF WAR ON THE ENVIRONMENT

55. War damage has endangered the ecology of Croatia: the environment has been affected by chemicals released during shelling of industrial facilities and there is serious oil spillage, uncontrolled disposal of industrial and household waste, destroyed ionic detectors and other radioactive sources. During the military conflict, munitions were dumped into the sea. In addition, deliberate pollution of water-wells occurred, as well as destruction of sanctuaries for migratory birds. There has been damage to the national forests, affecting the local micro-climate, causing erosion and having a negative effect on the overall ecological balance.

56. The damage to chemical factories, electrical facilities and sewage treatment works poses a severe threat to soil and water environments. This problem affects the catchment areas of the Drava and Sava rivers, whose emissions threaten to contaminate drinking water resources in the countries bordering the river Danube. There have been several spillages of polychlorinated biphenyls (PCBs) and this is having a harmful effect on soil, groundwater and surface water. The removal of building debris and the dumping of rubbish, industrial waste, household garbage and rubble into inappropriate landfill sites or simply along the roadside further damage the ecology of Croatia. There is an immediate need to establish managed landfill sites and other national programmes to meet the problems caused by the neglect of the environment due to war-time conditions.

57. The water supply systems have been damaged or destroyed in many towns and sewage treatment works have been severely strained in some larger towns with the influx of population caused by refugee resettlement and displaced persons.

Appropriate maintenance has not been carried out for four years. Important aquifers in the Velebit mountain are endangered and immediate action should be undertaken to protect this essential water resource.

58. Croatia has established a State Directorate for the Environment and in 1995 the Parliament enacted new laws on waste and on air quality protection. Many non-governmental organizations and private companies have been created to assist in the restoration of the environment. It is clear that there is a need for the international community to give direct assistance to the Government of Croatia and the surrounding region as part of a major effort to restore the environment for all peoples.

VII. CULTURAL HERITAGE

59. Croatia had assessed the damage to cultural monuments for the period 1991-1995 at $300 million. Croatia has a rich cultural heritage encompassing Roman, Medieval, Renaissance and Baroque architecture. Many historic cathedrals have been damaged in the cities of Šibenik, Zadar, Vinkovci, Karlovac, Osijek, Gospić, Knin and Škabrnja. The city of Dubrovnik, which is listed in the World Heritage list of the United Nations Educational, Scientific and Cultural Organization (UNESCO), has also been damaged. Many historic treasures representing different traditions have been destroyed or looted. The value of these cultural monuments is priceless and their symbolic importance to both Croats and Serbs cannot be underestimated. The revival of a church in a destroyed area is an important symbol for the restoration of a community. The repair and restoration of the war-damaged cultural heritage will be of major importance.

VIII. TOURISM

60. Prior to 1991, tourism was the single most important service sector and represented approximately 25 per cent of the GDP of Croatia. This sector contributed to employment and to the maintenance of the balance of payments with hard currency earnings accrued within the capital account. During the period under review, hard currency earnings totalled approximately $2 billion. As a result of the military conflict, Croatia suffered a serious decline in this sector. It is estimated that a loss of 300 million tourist/nights was sustained between 1991 and 1995. The decline was exacerbated by war damage, affecting some hotels and making tourist apartments unavailable as they were occupied for residential use by displaced persons and refugees. In addition, within high-risk areas, because of military actions, there was a lack of security, including disrupted traffic links, lack of maintenance within the hotel industry and overall poor service. The Government acknowledges that a major effort to revitalize tourism must be undertaken soon.

61. The Plitvice National Park, a popular park protected by UNESCO as part of the World Heritage, is an example of heavy damage to the tourist sector. During the team's visit to the park, it was informed that the placement of mines was a major problem. There would be considerable difficulty in clearing mines from the lakes. Access to most of the park is limited and it will require

considerable time to demine the roads, forests and waterfall areas. The largest hotel, which did not suffer major war damage, requires an improved sanitation system. The two other hotels within the park were affected by war damage and need repair. In addition, these older buildings do not have modern facilities and will require an immediate upgrading in order to meet the modern requirements of the tourist industry.

IX. CONCLUSION AND PERSPECTIVES FOR RECONSTRUCTION

62. Croatia has been seriously affected since 1991 by a prolonged period of war, including recent military actions initiated by the Government, which has created significant economic challenges. The future reconstruction of Croatia will require action to address the following issues:

(a) The needs of individuals and society as a whole have to be addressed. The consequences of the war include unfavourable demographic trends, shortage and loss of skilled labour, as well as the cost of the resettlement of and support for the remaining displaced persons and refugees. The lack of peace and the absence of a secure social environment are pre-eminent problems for Croatia. The health implications of war and internecine strife on the population are unevenly distributed: some geographical areas and population groups are more affected than others. Croatia has significant financial as well as intellectual and technical resources to draw upon in its war reconstruction and social rehabilitation programmes. National efforts have been undertaken in the social sector and require significant capital investment and application;

(b) The transformation of the economy from a planned into a market system will require significant investment in human resource development. There will be a need for a measurement of labour skills and future needs in present and future labour markets. The United Nations system with its technical advisory services will be able to assist this important economic and social development need. In addition, there is an immediate need for the Government of Croatia to obtain international technical assistance for the planning and implementation of a national reconstruction effort. There should be an emphasis on future economic planning and privatization. Technical advisors should assist the central Government to establish a closer relationship with all county and municipal authorities for a more coordinated effort of continued war-damage assessment and future reconstruction of the country and the society at large;

(c) Major infrastructure systems, including power, water resources, rail, road and electrical supply, which were once integrated systems within the former Yugoslavia, have suffered war damage and will require significant capital assistance for the restoration of services;

(d) The water and sanitation system of Croatia did not receive appropriate investment for maintenance prior to 1991 and has suffered extensive war damage. This is considered to be an important priority for investment;

(e) There is a heavy financial burden on the Government of Croatia to meet capital requirements in order to strengthen its infrastructure, as its current military-industrial complex is absorbing existing capital, thus preventing the

investment necessary to achieve reconstruction and the restoration of infrastructure and other services. It is hoped that, with the return of peace, capital funds will be available to meet these needs as well as to address the issues of privatization of the economy and to ensure employment and social stability;

(f) There is a significant reduction in agricultural production as a result of the loss of labour. There should be a programme to encourage the return of farmers, with assistance in providing basic equipment and other items to re-establish their land as productive farms. The problems of mines should be addressed as soon as possible;

(g) The traditional trade links to former trading partners have been severed by war. In addition, there is a need to improve production technology in order to reach a competitive level to permit trade with Europe and elsewhere. The industrial production sector affecting trade needs significant investment in training of workers and management at all levels. A special effort should be undertaken to strengthen and privatize the banking sector. It is hoped that the international community and the United Nations system will provide technical assistance in this regard;

(h) The current government priority given to the reconstruction and rehabilitation of damaged homes and communities is well founded. Secure shelter and community infrastructure for all are clearly prerequisites for the restoration of normal life and will encourage the return of refugees and displaced persons to their homes. This return would promote the re-establishment of an adequate workforce for tourism, agricultural production and industry;

(i) A major factor affecting the economy and preventing reconstruction is the extensive mining that has taken place. A vigorous programme of demining is needed.

63. The international community, including international financial institutions, bilateral donors, the United Nations system and non-governmental organizations, have assisted the Government of Croatia during the difficult period of war. The need for financial and technical assistance will continue during the period of necessary reconstruction and development of the economy of Croatia to allow all the people of Croatia to rebuild their lives and return to peace.

APPENDIX I

United Nations Inter-agency Technical
Fact-finding Mission to Croatia

Team composition

Charles L. Perry, UNDP, Mission Leader

Anna-Maria Corazza, representative of UNPF/UNCRO

Team 1. Housing, Social/Community Infrastructure and Tourism

Stephen Franken, representative of Germany, housing expert

Tom Yates, representative of the United States of America, Programme Officer

Richard Lambe, UNDP consultant

Jean-Pierre Bueb, representative of France, public works/housing

Team 2. Industrial/Economic Infrastructure, Utilities, Communications and Energy

Peter Goergen, representative of Germany, construction engineer/architect

Geoffrey Barrell, representative of the United Kingdom, water/utilities engineer

Christoph von Bezold, representative of the European Union, economist

Team 3. Agriculture, Environmental Protection, Demining and Cultural Heritage

Michael Platzer, representative of the Department for Development Support and Management Services of the Secretariat

Rodrique Vinet, FAO consultant

Phillip Cooper, representative of United Nations Volunteers

Team 4. Human Resources, Refugees, Displaced Persons and Demography

Wycliffe Songwa, representative of UNHCR

Robert Fischer, WHO consultant

Antonio Gabrielle, UNICEF consultant

APPENDIX II

Programme for the United Nations Inter-agency Technical Fact-finding Mission to Croatia

Wednesday, 18 October

p.m. Arrive Zagreb.

Thursday, 19 October

a.m. Meetings with United Nations officials at the United Nations compound:
Office of the Special Representative of the Secretary-General
Force Commander
UNCRO Chief of Mission.

p.m. Meeting with the Chargé d'affaires a.i. of the United Kingdom.

p.m. Meeting with the Ambassador of the United States of America and staff.

Friday, 20 October

a.m. Meeting with the Head of Political and Humanitarian Affairs, UNCRO.

a.m. Meeting with Croatian government officials from the Ministry of Finance and the Ministry of Reconstruction and Development to finalize the programme of the Mission.

a.m. Meeting with the Ambassador of Germany.

a.m. Meeting with the UNHCR Head of Mission.

p.m. Meeting with UNPF.

p.m. Meeting with the Force Engineer, UNPROFOR.

p.m. Meeting with representatives of the United Nations High Commissioner for Human Rights.

Saturday, 21 October

a.m. Meeting with the Ambassador of Italy.

p.m. Meeting with the Director for Central and Eastern Europe, IBRD.

Sunday, 22 October

p.m. Mission team members assemble for orientation and initial briefings.

Monday, 23 October

a.m. Meeting with Croatian government officials.

a.m. Meeting with the Ambassador of the Russian Federation.

a.m. Meeting with the Ambassador of France.

a.m. Meeting with the UNHCR Head of Mission.

a.m. Meeting with the Special Envoy of UNICEF.

Tuesday, 24 October

a.m. Plenary with government officials and experts: summary of group work at the Ministry of Science and Technology Building.

p.m. Team meetings of the four expert teams:

Team 1. Housing, Social/Community Infrastructure and Tourism

Team 2. Industrial/Economic Infrastructure, Utilities, Communications and Energy

Team 3. Agriculture, Environment Protection, Demining and Cultural Heritage

Team 4. Human Resources, Refugees, Displaced Persons and Demography.

p.m. Mission Leader: meeting with the Special Representative of the Secretary-General.

Wednesday, 25 October

a.m. Zagreb-Dubrovnik:

Meeting with United Nations military observers on arrival

Meetings with Croatian officials/experts and visits to housing, cultural heritage, tourism industry in the surrounding area.

Team 2. Visit to Ploče:

Meeting with Luka Ploče company management

Meeting with the Commander and Military Engineer of the United Nations Rapid Reaction Force

Visit to the port and railway.

Thursday, 26 October

a.m. Tour of Konavle hinterland. Visit to housing reconstruction sites (Slano).

Team 2: Meeting in Ploče, with the mayor and representatives of the business community.

p.m. Arrive Zadar.

Briefing by United Nations officials: Political and Humanitarian Affairs Officer, UNCRO, United Nations military observers.

Friday, 27 October

a.m. Meeting with Croatian officials/experts from Županija and United Nations representatives in Zadar.

Teams 2 and 3: Zemunik airport, meetings with local officials in Benkovac and Drniš, Varivode, Drniš, Knin and the surrounding area.

Teams 1 and 4: Škabrnja, Kreka, Benkovac, Knin and the surrounding area.

p.m. United Nations briefings in the United Nations compound in Knin: Political and Humanitarian Affairs Officer, UNCRO, the UNCIVPOL Sector Engineer, United Nations military observers and UNHCR.

Saturday, 28 October

a.m. Teams 1 and 4: Obrovac, Gračac, Lovinac, Radue, Medak, Gospić, Lički Osik, Bruvno, Korenica, Plitvicka jezera national park and the surrounding area.

Teams 2 and 3: Maslenica (bridge), Obrovac (power plant), Gračac, Udbina, Plitvice.

a.m. Mission Leader and United Nations military observers: Donji Lapac and surrounding area.

Briefing by UNCIVPOL and Croatian Police.

p.m. Briefing on Plitvicka jezera national park tourist infrastructure.

Sunday, 29 October

a.m. Depart for Topusko, via Grabovac, Rakovica, Slunj (bridge), Veljun, Krnjak, visit to Kuplensko refugee camp, Vrginmost.

United Nations briefings in Topusko: UNCRO-PHA, UNCIVPOL, United Nations military observers.

p.m. Tour of damaged villages in the former Sector North: Glina, Petrinja, Sisak, Zagreb.

Monday, 30 October

a.m. Departure for Osijek in two groups:

Teams 2 and 3: via the highway, Sisak (chemical complex), Županija briefing in Slavonski Brod, visit to Duro Dakovic holdings, Dakovo and Vinkovci.

Teams 1 and 4: via the highway and then Pakrac on the secondary road.

United Nations briefings.

Meetings with local authorities in Pakrac.

United Nations meetings including the Serb representatives.

Visit Pustara refugee camp (UNCRO Nepalese Battalion).

p.m. Meeting in Osijek with Croatian officials/experts from Županija and United Nations military observers.

Tuesday, 31 October

a.m. Plenary session with government officials/experts.

Summary of the group's work.

Visit to Sector East via the Nemetin/Sarvaš crossing.

UNHQ Erdut.

Briefings by: Political and Humanitarian Affairs Officer, UNCRO, Deputy Section Commander, UNCIVPOL, UNHCR and United Nations military observers.

Briefing by civilian officials in Vukovar.

Tour Sector East in five separate groups, including: Borovo and Vutex factories, agriculture, utilities, schools, hospitals and displaced persons.

Wednesday, 1 November

a.m. Depart with United Nations military observers for Osijek, Naštice, Nova Gradiška, Gršoni Okuèanski, Vrbovljani, Novi Varoš (destroyed bridge), Stara Gradiška, (damaged bridge) and Okucani-Novska.

Visit to Dubovac Okuèanski.

p.m. Plenary group meeting at UNPF Headquarters with the Political and Humanitarian Affairs Officer, UNCRO.

Thursday, 2 November

In Zagreb. Report drafting at Hotel "I", ECMM headquarters.

/...

Friday, 3 November

In Zagreb.

a.m. Meeting with agencies and embassies at UNPF headquarters conference room.

p.m. Plenary meeting with Croatian officials at the Ministry of Science and Technology.

p.m. Mission Leader - meeting with the Ambassador, ECMM.

p.m. Mission Leader - meeting with the World Bank representative.

Saturday, 4 November

In Zagreb. Report writing.

Sunday, 5 November

Depart Zagreb.

APPENDIX III

Economic indicators

(a) Gross domestic product

GDP	Total (billions of United States dollars)	Per capita (United States dollars)
1993	11.50	2 500
1994	12.50 a/	2 600
1995	14.00 b/	2 900

a/ According to the State Bureau for Statistics, 1994 GNP totals 84 billion Croatian krunas ($16 billion). Government assessments, relying on the assumption that the share of the grey sector is approximately 30 per cent or higher, forecast that in 1995 the GDP would reach up to $16.5 billion (per capita, approximately $3,500).

b/ Assessment (maximum) (Census 1991: Population of Croatia = 4.784 million).

(b) Inflation

Official policy: "zero inflation"

Total for 1994 a/ 10-12 per cent

a/ Prime Minister's assessment.

(c) Unemployment

Unemployment rate (August 1995) = approximately 19 per cent

August 1995	Total	Change 1995/1990 (percentage)
Unemployment	232 903	+45.4
Employment	1 007 660	-34.1

(d) Industrial production

	Percentage
1993/94 (July 1994)	0.9
1993/94 (September 1994)	1.5
January-September 1993-January-September 1994	-4.4

Decrease trend a/	Percentage
1991/90	-28
1992/91	-15
1993/92	-06
1994/93	-04

a/ In September 1994 the growth trends recommenced after stabilization.

(e) National and public debt

National debt

Total: $2.6 billion

Outstanding: $700 million

Public debt

Total: approximately DM 6 billion = $3.75 million.

(f) Public sector consumption

47-49 per cent GNP in 1994

45 per cent GNP planned in 1995

(g) Average salary

DM 525 (net) (September 1995)

(Gross salary = net salary + 116 per cent

(h) Money supply (millions of Croatian krunas)

		Deposit money	Currency in circulation
August 1993	1 698.18	1 159.30	538.98
January 1994	4 037.20	2 746.73	1 326.47
July 1994	6 958.90	4 847.00	2 111.90
September 1994			Approx. 2 600.00

(i) Foreign exchange reserves

Approximately $2.5 billion (August 1995)

8 August 1994: NBC a/ $866.1 million

Banks $668.1 million

Total $2.55 billion (more than 10 per cent of GNP)

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a/ National Bank of Croatia.

(j) The budget (billions of United States dollars)

1993 2.30

1994 a/ 3.23

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a/ Planned figure was $3.1 billion (34 per cent higher than in 1993), but in October 1994 the amount was increased, mostly as a result of the increase of the requirements of defence (1,000 billion Croatian krunas assigned more than planned).

Structure of the budget in 1993

(Percentage)

41	Administrative expenditure
23	Purchase of goods and services
16	Wages and salaries
20	Subsidies and investment
100	

Privatization process

1. Ownership structure transformations (or the privatization process) in Croatia have been finished in 2,346 companies, the value of which is estimated at DM 22 billion, or approximately 10 per cent of state-owned companies' assets.

2. Every employee (present, former, retired) has a discount for the purchase of shares; Croatia thus has 500,000 small shareholders. Large portion of shares has been transferred into pension fund portfolios, establishing a social security basis.

3. The Croatian Privatization Fund is the central privatization agency, working along with the Ministry of Privatization and modelled on similar institutions in the Czech Republic, Hungary and Germany.

4. The structure of transformation (billions of Deutsche mark):

Owners	Assets
Private	1.8
Shareholders and state funds	10.9
Croatian Privatization Fund and pension funds	9.1

5. The privatization process directly brought DM 1,350 million, of which DM 422.2 million was paid in cash.